

Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, D.C. 20554

ORIGINAL

In the Matter of:

Interconnection Between Local  
Exchange Carriers and Commercial  
Mobile Radio Service Providers

Equal Access and Interconnection  
Obligations Pertaining to  
Commercial Mobile Radio Service  
Providers

CC Docket No. 95-185

CC Docket No. 94-54

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COMMENTS

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF SECRETARY

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### Summary

Commission intervention in the interconnection process is necessary in order to mitigate the extreme disparity in bargaining power between CMRS providers and LECs. That disparity is evidenced by APC's experience with Bell Atlantic. APC's network performs the same switching, transport and termination functions as Bell Atlantic's, and traffic between the two networks have been relatively even: 42 percent mobile-terminating and 58 percent landline-terminating. Nonetheless, under APC's interconnection agreement with Bell Atlantic, APC pays usage-based and/or flat-rate compensation to Bell Atlantic on all calls, and APC receives compensation from Bell Atlantic on none. As a result, APC's costs are artificially inflated by more than three cents per minute.

The proposed interim bill and keep compensation mechanism would help redress this asymmetry, but it does not go far enough. Under the proposal, CMRS providers would still pay LECs for tandem switching and transport, even though they would not be compensated for performing identical functions in their own networks. The Commission accordingly should extend bill and keep to all network elements from the tandem switch down to the end user. The costs of trunks connecting the mobile and landline switches (entrance facilities) should be shared, since these trunks are used to provide two-way traffic and equally benefit both carriers.

This zero-cost approach is both economically sound and well within the Commission's jurisdiction. While the NPRM recognizes that bill and keep makes sense when traffic flows are relatively even -- as is the case with APC -- it does not recognize that even traffic flows should be viewed as the end result of, not as a precondition to, bill and keep. There is no intrinsic reason that mobile-landline traffic flows should not be even; the current imbalance is an artifact of asymmetric compensation arrangements. Bill and keep (along with other matters such as number portability) will result in parity of treatment and hence parity of traffic flows.

Moreover, in contrast to current arrangements, bill and keep will provide CMRS providers and landline carriers with an incentive to design their networks as efficiently as possible. Today, for example, Bell Atlantic forces APC unnecessarily to interconnect to a single tandem at numerous points of interconnection, creating additional trunk and transport charges, even though APC could interconnect at a single point and utilize its own transport network more fully. Under bill and keep, Bell Atlantic would have no motivation to impose such inefficient interconnection arrangements on APC.

As detailed fully in Sprint Spectrum's comments, the Commission has sufficient authority to mandate zero-cost termination for both interstate and intrastate calls. It should do so for all broadband CMRS providers. Differential treatment

of similar service would distort competition, and regulatory parity likely is mandated by Section 332.

With respect to the origination and termination of IXC-handled traffic, APC agrees with the Commission that CMRS providers deserve compensation, but disagrees that CMRS providers should be required to file access tariffs. For direct connect arrangements, CMRS providers and IXCs should negotiate mutually acceptable arrangements. Neither party has market power -- the CMRS provider's compensation is effectively capped by the LEC's access charges -- and each has strong incentives to negotiate a reasonable agreement. Where traffic passes to and from an IXC through the LEC access tandem, the CMRS provider should share in the LEC's access revenues, just like independent LECs do today. Such sharing is clearly appropriate, since the CMRS provider, not the LEC, performs local transport, switching, and call origination and termination functions.

The Commission should act on these recommendations expeditiously. The history of post-divestiture relations between CMRS providers and LECs leave no doubt that intervention is necessary to assure implementation of equitable and economically efficient interconnection arrangements. Accordingly, the Commission should adopt interim zero-cost terminating compensation for broadband CMRS/LEC interconnection without delay.

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COMMENTS

American Personal Communications, L.P. ("APC") respectfully submits its opening comments regarding the above-captioned proposals regarding compensation arrangements for termination of traffic by LECs and CMRS providers.<sup>1</sup> For the reasons discussed herein, APC urges the Commission to mandate, for both interstate and intrastate traffic, that the costs of entrance facilities (trunks between the CMRS switch and the LEC switch) be shared between the CMRS provider and the LEC, and that bill and keep apply to all other elements of interconnection. In addition, the Commission should permit CMRS providers and IXCs to negotiate mutually acceptable access compensation for direct connections, and should require that CMRS providers be treated no less favorably than independent telephone companies where traffic is exchanged with an IXC through a LEC's access tandem.

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<sup>1</sup> FCC 95-505 (released January 11, 1996) ("NPRM"). APC's Comments follow the Commission's preferred outline, NPRM at note 171.

I. GENERAL COMMENTS

APC is the nation's first operational broadband PCS provider. It is submitting these Comments in order to share its real world experience with the Commission and establish factual predicates that will help the Commission develop an economically efficient reciprocal compensation policy.<sup>2</sup> For example, APC will demonstrate that:

- APC's current interconnection agreement provides for Bell Atlantic to receive compensation from APC on all calls, and for APC to receive compensation from Bell Atlantic on none.
- APC's network performs the same functions as a LEC network in terminating calls.
- Traffic flows between APC and Bell Atlantic have been relatively even.<sup>3</sup> Indeed, APC's overall traffic has been 42 percent mobile-terminating and 58 percent landline-terminating.
- Without a fundamental change in LEC/CMRS compensation arrangements, growth of CMRS services will be artificially stifled and incumbent LECs will be insulated from a potentially potent source of local service competition.

APC commends the Commission for recognizing that "existing general interconnection policies may not do enough to encourage the development of CMRS, especially in competition with LEC-

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<sup>2</sup> APC also will join in the Comments of Sprint Spectrum (formerly known as the Sprint communications Venture (STV)).

<sup>3</sup> As discussed herein, true parity of traffic flows cannot be expected until CMRS providers and LECs are treated as peers with respect to terminating compensation, number portability and other competitively significant matters.

provided wireline service."<sup>4</sup> The Commission has articulated persuasive economic, policy, and legal rationales for expeditiously adopting a bill and keep mechanism. At the same time, though, the scope of the proposed rules -- which would limit bill and keep to local switching and call termination -- is unnecessarily narrow. As explained herein, the Commission should promptly extend bill and keep to all elements of interconnection, while requiring carriers to share the costs of entrance facilities. This approach will best achieve the Commission's laudable goals in the short term, while permitting the Commission, LECs, and CMRS providers carefully to consider whether the expanded bill and keep approach should be adopted as a long-term solution.

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<sup>4</sup> NPRM at ¶ 2.



II. COMPENSATION FOR INTERCONNECTED TRAFFIC BETWEEN LECS AND  
CMRS PROVIDERS' NETWORKS

A. Compensation Arrangements

1. Existing Compensation Arrangements

Since the fall of 1995, APC has obtained interconnection to Bell Atlantic's landline network pursuant to an interim agreement, which will expire next month.<sup>5</sup> As detailed below, that agreement provides for Bell Atlantic to receive revenue from APC on all calls -- interstate and intrastate -- and for APC to receive revenue from Bell Atlantic on none.<sup>6</sup>

Under the interim agreement, APC pays Bell Atlantic a 25 dollar per month surcharge per trunk between APC's mobile switching center ("MSC") and Bell Atlantic's tandem. During negotiations, Bell Atlantic asserted that this surcharge is intended to recover the net carrier common line charge. The 25 dollar figure is based on several assumptions, including 9000

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<sup>5</sup> The interim APC/Bell Atlantic agreement for Maryland is attached as Appendix 1. APC has identical agreements with Bell Atlantic for Virginia, West Virginia, and the District of Columbia. On February 13, APC sent Bell Atlantic a letter outlining the terms for an acceptable long-term arrangement, which is attached as Appendix 2.

<sup>6</sup> Bell Atlantic also offers interconnection under what it described as "full mutual compensation." The total charges due to Bell Atlantic under that model, however, work out roughly the same as under the "abbreviated mutual compensation" agreement signed by APC. Moreover, the full mutual compensation alternative is a misnomer, because it still would have imposed CCL and transport charges on APC without compensating APC for equivalent uses of its network.

minutes of use per trunk and a 20/80 split of mobile-terminating to landline-terminating traffic.

APC also pays Bell Atlantic usage-sensitive charges for transport and switching elements. The application of these charges to different call types is explained in Appendix 3, a document provided by Bell Atlantic entitled "Bell Atlantic Mutual Compensation Plan." As the chart on the next page makes clear, however, the "mutual" compensation flows only to Bell Atlantic, regardless of the directionality of the traffic. Finally, Bell Atlantic charges 800 dollars per month for port termination for SS7 connectivity, even though, as peer carriers, CMRS providers and Bell Atlantic should treat such links as shared facilities interconnecting co-equal networks.

In addition to the stark asymmetry of this compensation scheme, the current interconnection agreement is flawed in several other notable respects. First of all, it applies the CCL to APC even though mobile carriers have never been considered IXCs,<sup>7</sup> and, as recognized by the Commission, the CCL is a subsidy that should not be imposed on CMRS providers.<sup>8</sup> Second, even if application of the CCL were proper, which it is not, Bell Atlantic apparently is using the 25 dollar per trunk surcharge to recover the CCL for local calls -- a situation where it was never

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<sup>7</sup> See MTS and WATS Market Structure, 97 F.C.C.2d 834, 881-83 (1984).

<sup>8</sup> NPRM at ¶ 68.

### BELL ATLANTIC "MUTUAL" COMPENSATION

Call Type	APC Pays to Bell Atlantic	Bell Atlantic Pays to APC
Intrastate "local" M-L	Local transport* Local switching	Nothing
Intrastate "toll" M-L	CCL Local transport* Local switching	Nothing
Interstate "local" M-L	CCL Local transport* Local switching	Nothing
Interstate "toll" M-L	CCL Local transport* Local switching	Nothing
Intrastate "local" L-M	Flat per-trunk charge for entrance facilities plus a \$25 per trunk surcharge	Nothing
Intrastate "toll" L-M	Flat per-trunk charge for entrance facilities plus a \$25 per trunk surcharge	Nothing
Interstate "local" L-M	Flat per-trunk charge for entrance facilities plus a \$25 per trunk surcharge	Nothing
Interstate "toll" L-M	Flat per-trunk charge for entrance facilities plus a \$25 per trunk surcharge	Nothing

\* Local transport includes tandem-switched transport.

intended to apply.<sup>9</sup> That is, although Bell Atlantic informed APC that the 25 dollar per trunk surcharge was intended to recover the CCL, it already is explicitly recovering the CCL from APC on mobile-to-land toll calls, and from an IXC on land-to-mobile calls. Third, the agreement assumes a 20/80 traffic split, although, as explained below, the actual traffic split has been roughly 50/50.<sup>10</sup> Fourth, Bell Atlantic imposed a landline definition of toll and local, even though APC has an MTA-wide local calling area and delivers "toll" calls to Bell Atlantic wholly over its own network.<sup>11</sup>

This situation is typical of CMRS/LEC interconnection in the ten years since the Commission first articulated a mutual compensation right.<sup>12</sup> It is also insupportable. The current APC/Bell Atlantic interconnection agreement artificially inflates APC's costs by at least 3.1 cents per minute, depressing usage and effectively assuring that APC's services cannot be substituted for Bell Atlantic's landline offerings. If the Commission's goals are to be achieved, a better approach must be mandated.

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<sup>9</sup> Indeed, Exhibit 3 explicitly acknowledges that Bell Atlantic imposes the CCL on interstate local calls.

<sup>10</sup> Bell Atlantic has indicated a willingness to alter the compensation arrangements if traffic is roughly even, and APC will pursue this issue in negotiating a permanent agreement.

<sup>11</sup> APC uses Sprint for some of the transport.

<sup>12</sup> The Need to Promote Competition and Efficient Use of Spectrum for Radio Common Carrier Services, 59 Rad. Reg.2d 1275 (1986).

## 2. General Pricing Principles

APC joins in the comments of Sprint Spectrum.

## 3. Pricing Proposals

The NPRM proposes that, in the interim, bill and keep apply to end office switching and call termination.<sup>13</sup> To this extent, the proposals are an improvement over existing interconnection agreements. Nonetheless, current interconnection agreements and the Commission's limited bill and keep approach essentially treat CMRS providers as second-class carriers. CMRS providers would have to pay for use of all other parts of the LEC network, even though they would not receive compensation from the LEC for use of the CMRS network.

APC respectfully submits that this disparity cannot be justified. As shown below, APC's network is functionally equivalent to a LEC network, and traffic flows between APC and Bell Atlantic are roughly even. Because APC believes that

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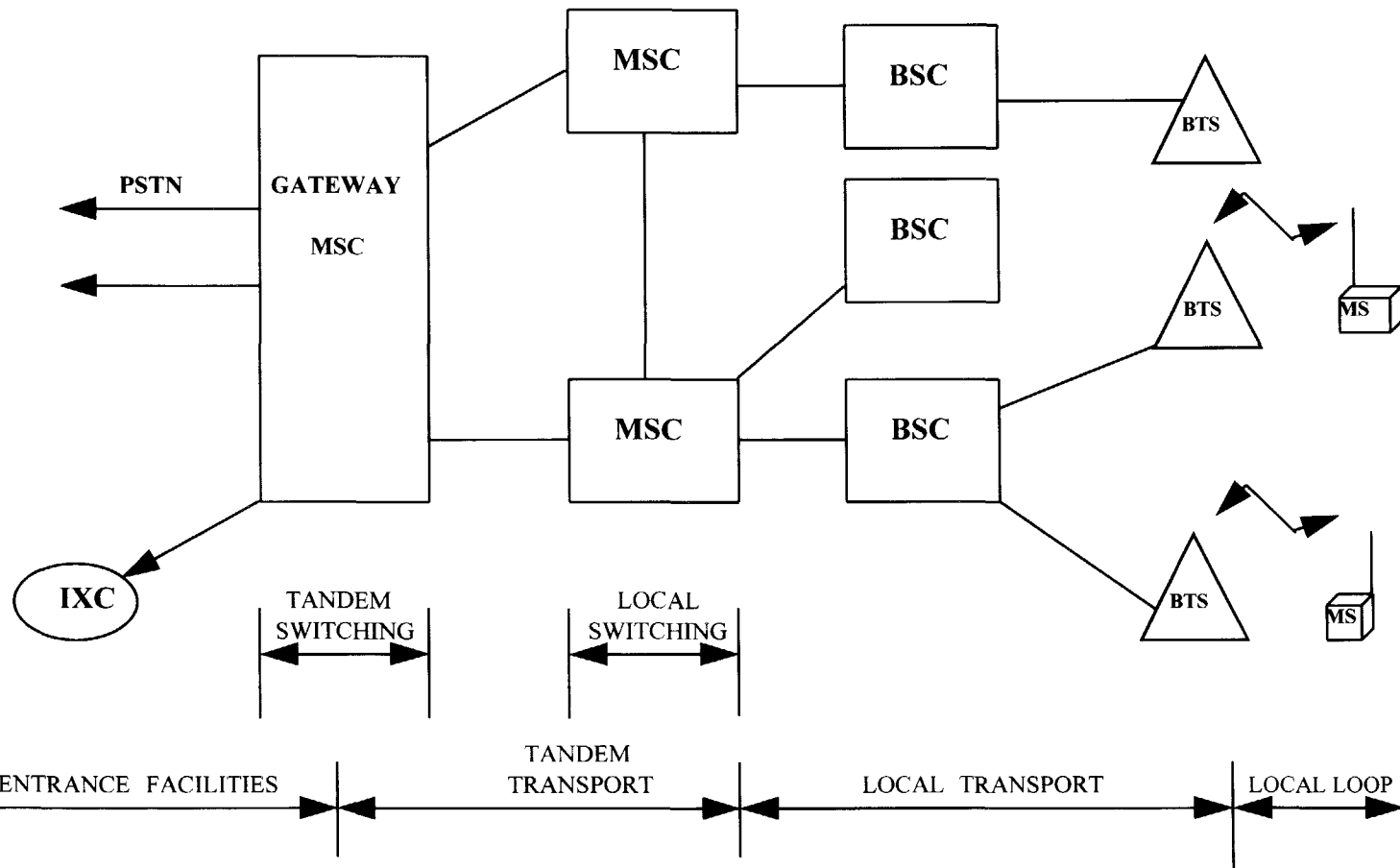
<sup>13</sup> NPRM at ¶ 62. This limitation apparently is based on the Commission's interpretation of a study prepared by Gerald W. Brock on behalf of Comcast. *Id.* at ¶¶ 32-35. APC understands that study to apply to call termination from the tandem switch down, a reading that amply supports extension of bill and keep to all network elements beyond the entrance facility trunks. APC provides below an independent, fully sufficient basis for doing so: regardless of underlying costs, if CMRS and LEC network functions are equivalent and traffic flows are relatively even, full bill and keep is appropriate. Because APC relies for justification on even traffic flows, it does not address the possibility of differential pricing for peak and off-peak traffic, except to note that different carriers are likely to have different peak periods. In an even traffic flow environment, there should be no need to distinguish between peak and off-peak periods.

experience will be typical of broadband PCS providers -- and eventually, of all broadband CMRS providers -- the most economically efficient approach to compensation is for CMRS providers and LECs to share the cost of entrance facilities, and for each carrier to recover its own costs of terminating calls.

APC's network is functionally equivalent to Bell Atlantic's network. When a call to an APC subscriber is originated on Bell Atlantic's network, it is carried from a Bell tandem to APC's gateway mobile switching center ("GMSC") over two-way trunks connecting the two switches (entrance facilities). The gateway MSC functions as a tandem switch, concentrating and distributing traffic to the switch serving the CMRS customer at that moment (the MSC). These switches then send the call to one of several Base Station Controllers ("BSC") over trunks that are equivalent to LEC transport. Each BSC, in turn, handles calls to and from mobile units within range of the base stations controlled by the BSC. The BSC to base station trunk can be considered either transport or part of the end user "common line." Finally, the air link between the base station and handset is equivalent to the LEC local loop. These network elements are depicted in the diagram on the next page.<sup>14</sup>

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<sup>14</sup> While APC's and Bell Atlantic's networks are very similar in functionality, the Commission should recognize that CMRS and LEC networks cannot be identical because of the mobility of CMRS subscribers. Calls to a LEC subscriber always go to the same LEC end office. In contrast, calls to a CMRS subscriber may go to any of APC's end office-type switches, depending on the whereabouts of the subscriber. As  
(continued...)



# **LEGEND**

**MS**---MOBILE STATION  
**BTS**--BASE TRANSCIVER STATION  
**BSC**--BASE STATION CONTROLLER  
**MSC**--MOBILE SWITCHING CENTER  
**IXC**--INTER EXCHANGE CARRIER  
**PSTN**--PUBLIC SWITCHED TELEPHONE NETWORK

APC enjoys relatively even traffic flows.<sup>15</sup> APC understands that, at present, a significant majority of cellular/LEC calls terminate on the landline network. APC's experience to date has been completely different, however. From the inception of service on its network, APC's call breakdown has been as follows:

- 42 percent of calls have been landline-originating, mobile-terminating
- 58 percent of calls have been mobile-originating, landline-terminating.<sup>16</sup>

Moreover, these statistics have been consistent over the course of APC's operations. Attached as Appendix 4 hereto are week-by-week breakdowns of traffic from January through mid-February. These breakdowns reveal that the ratio of mobile-terminating to landline-terminating calls has stayed within a range of 40/60 to 43/57.

The reasons for this roughly even traffic flow are clear. First, APC does not charge subscribers for the initial minute of

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<sup>14</sup>(...continued)  
a result, every call must go through APC's tandem (the GMSC), so that direct LEC end office-to-mobile end office connections for LEC-to-CMRS calls are not possible.

<sup>15</sup> As discussed at page 11, infra, the Commission cannot expect traffic flows to be truly even until it establishes a compensation mechanism that recognizes CMRS providers and LECs as peers and removes economic obstacles to land-to-mobile calling that are beyond the control of the CMRS providers.

<sup>16</sup> APC expects that most or all broadband PCS providers will experience similar traffic flows, given the tremendous success of APC's service. In addition, cellular carriers will face substantial competitive pressures to modify their service to respond to PCS, which should likewise cause cellular/LEC traffic flows to even out.



incoming calls. As a result, subscribers have no need to discourage such calls, and are more likely than cellular subscribers to disseminate their telephone numbers. Second, APC subscribers automatically receive caller ID as part of their basic service package. The ability to identify incoming calls creates an additional incentive to publicize the PCS number and to answer the incoming call. Third, the battery life on APC phones allows for up to 72 hours of stand-by time. Thus, not only is there no economic disincentive to answering incoming calls, but there is no significant deterrent to leaving the phone on.

Moreover, and of greatest importance, there are no uncompleted incoming calls on APC's system. If the subscriber's handset is turned off or busy, or if the subscriber chooses not to answer the incoming call, that call is routed automatically to a voice mail system. Not only does this re-direction contribute to an even traffic flow, but it provides Bell Atlantic with additional revenue whenever (1) the calling party pays a usage charge (e.g., for toll or local measured service), (2) the mobile subscriber uses a landline phone to retrieve his messages, or (3) the originating call or the call to obtain the message generates access charges for Bell Atlantic.<sup>17</sup>

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<sup>17</sup> On mobile-to-land calls handled by an IXC, Bell Atlantic collects the CCL and local switching charges from IXC. On land-to-mobile calls handled by an IXC, Bell Atlantic similarly receives access revenues. In neither case does it share those reserves with APC, even though APC is  
(continued...)

APC's experience demonstrates that there is no inherent reason mobile-to-land calls should predominate. The contrary cellular experience is an artifact of the current, wholly one-sided compensation arrangements. Indeed, the Commission cannot reasonably expect traffic flows to be truly even until there is true parity between CMRS providers and LECS -- including reciprocal compensation and number portability. That is, even traffic flows are a consequence of, not a precondition to, the adoption of bill and keep compensation.

The Commission's compensation rules accordingly should be based on "forward pricing"; that is, anticipating what the Commission wants the market to look like (even traffic flows) and pricing in a manner that removes obstacles to realization of this vision. The next section of these comments explains how the Commission should implement this recommendation.

The Commission should adopt a zero-cost compensation model.

Where CMRS and LEC networks perform the same functions in terminating calls and traffic flows are relatively even, the most appropriate compensation mechanism is for each carrier to share the cost of entrance facilities and to recover its own costs of originating and terminating calls. As an initial matter, this zero-cost mechanism shares all the benefits of the bill and keep approach outlined in the NPRM, including administrative

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<sup>17</sup>(...continued)  
performing functions for which Bell Atlantic is being compensated.

simplicity and prevention of anticompetitively high interconnection rates.<sup>18</sup> It is far preferable to the approach in the NPRM, however, because it does not compel the CMRS provider to pay the LEC for performing services (such as transport) that the CMRS provider performs for free.

Moreover, the zero-cost compensation mechanism provides strong incentives for each carrier to be efficient in designing and operating its network. Under the Commission's proposal, the LEC retains an incentive to employ inefficient transport arrangements in order to generate additional revenues. Indeed, this has been APC's experience with Bell Atlantic. Rather than permitting APC to interconnect at the single tandem that serves the 202 and 301 area codes in the Washington LATA for all traffic involving those NPAs, Bell Atlantic forces APC to interconnect at one point of interconnection (POI) in Maryland and one in the District of Columbia. Thus, APC must split its traffic to and from this single Bell tandem switch into two smaller trunk groups. Similarly, Bell Atlantic forces APC to have additional trunk groups to each POI for land-to-mobile calls originating from outside the Washington LATA. These artificial splits of traffic engender needless trunking expenses for APC, increase the transport mileage on many calls, and produce an extra 25 dollars per unnecessary trunk per month for Bell Atlantic.

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<sup>18</sup> NPRM at ¶ 61.

In contrast, under APC's proposal, each carrier would bear its own cost of terminating calls. As a result, each carrier would be motivated to lower those costs as much as possible, since it could not be assured of forcing its competitor to subsidize inefficiencies. The costs of constructing, installing, and maintaining facilities shared by the carriers -- the entrance facilities interconnecting the two networks -- would be borne half by each carrier, in recognition of the fact that both carriers benefit from being able to interconnect.<sup>19</sup> This better reflects the co-carrier status of CMRS providers than current interconnection agreements and the Commission's proposal, which require the CMRS provider to pay the full cost of entrance facilities even though the trunks carry two-way traffic. Sharing the cost of entrance facilities also comports with most LEC-LEC agreements, which typically reflect a meet point in mid-span.

This approach is eminently reasonable, at least for the interim. It will assure that, as the Commission and the industry work toward a long-term solution, no party's interests are disregarded. It also will remove obstacles to the continued growth of CMRS and the emergence of PCS as a competitor to landline local exchange offerings. Accordingly, the Commission promptly should adopt APC's recommended approach on an interim

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<sup>19</sup> Of course, the CMRS provider should be able to obtain these facilities either from the incumbent LEC or from a competitor, if available. If the LEC wants to supply its own "half-circuit" and the CMRS provider wants to use a competitor, the parties can interconnect at a mutually acceptable meet point.

basis, and should consider whether, as APC believes, zero-cost compensation is a viable long-term solution as well.

B. Implementation of Compensation Arrangements

1. Negotiations and Tariffing

APC joins in Sprint Spectrum's comments.

2. Jurisdictional Issues

APC urges the Commission to impose a nationwide compensation mechanism applicable to both interstate and intrastate traffic.<sup>20</sup> As explained in Sprint Spectrum's comments, the Commission clearly has authority under Section 332 of the Communications Act and judicial precedent to assert plenary jurisdiction over LEC/CMRS interconnection rates.

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<sup>20</sup> See NPRM at ¶ 110.

III. INTERCONNECTION FOR THE ORIGINATION AND TERMINATION OF  
INTERSTATE INTEREXCHANGE TRAFFIC

APC currently interconnects with IXC's in two different ways. First, it has a "direct connection" with two IXC's, under which originating 1+ traffic is carried between APC's MSC and the IXC point of presence over dedicated trunks, with no use of LEC facilities.<sup>21</sup> Second, traffic destined for other IXC's, 10XXX, 500, 800, and 900 calls, and terminating calls from all IXC's are routed through Bell Atlantic's access tandem. In both cases, APC agrees with the Commission that it should be entitled to compensation.<sup>22</sup> It does not agree, however, that it exercises any market power over IXC's and should consequently be required to file access tariffs.<sup>23</sup>

With respect to direct connections, the Commission should permit CMRS providers and IXC's to negotiate mutually agreeable compensation arrangements. Neither party has market power in this situation, and each has strong incentives to negotiate a reasonable agreement. Direct connections allow the IXC to avoid LEC access charges and can provide more efficient routing of long distance calls originating from CMRS subscribers. In addition,

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<sup>21</sup> APC understands that many cellular carriers have similar direct connection arrangements with IXC's. Accordingly, the implication in the NPRM (at ¶ 115) that such arrangements do not currently exist is erroneous.

<sup>22</sup> NPRM ¶ 116.

<sup>23</sup> Id. at ¶ 117.

the CMRS provider may be able to enter a billing and collection agreement with the IXC in conjunction with a direct connect arrangement, providing an additional source of revenue. The CMRS provider accordingly has no motivation to gouge the IXC, and it certainly has no ability to do so. If it seeks to charge as much as the LEC would, the IXC can simply refuse to direct connect and exchange all traffic via the LEC access tandem.

With respect to long distance calls routed through the LEC tandem, APC currently receives no share of Bell Atlantic's access revenues.<sup>24</sup> As the Commission recognizes, however, independent telephone companies generally do obtain access revenues in similar circumstances. Accordingly, APC agrees with the Commission that CMRS providers should "be treated no less favorably than neighboring LECs or CAPs with respect to recovery of access charges ...."<sup>25</sup> As an initial step toward assuring non-discriminatory treatment, the Commission should require LECs to disclose their current arrangements for compensating each other for the origination and termination of long distance calls.

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<sup>24</sup> Moreover, Bell Atlantic receives revenues from IXCs for transport and collects the CCLC even though it is not using its own inter-office facilities, local switches, or local loops.

<sup>25</sup> NPRM at ¶ 116.

IV. APPLICATION OF THESE PROPOSALS

The bill and keep compensation mechanism proposed above should apply to both broadband PCS and cellular carriers. These services will compete in the marketplace, and under Section 332 of the Communications Act, they must be accorded parity of treatment.<sup>26</sup> Moreover, different compensation mechanisms would produce different cost structures, which would amount to regulatory handicapping of competitors. Finally, the currently uneven traffic flows experienced by cellular operators will become more balanced both in response to marketing innovations by APC and other PCS providers, and as a direct result of adopting bill and keep. As a result, there is no basis for differential treatment of substantially similar broadband CMRS services.

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<sup>26</sup> 47 U.S.C. § 332; see Regulatory Parity Second Report and Order, 9 FCC Rcd 1411 (1994).



V. CONCLUSION

APC performs the same functions as Bell Atlantic does in terminating calls. Moreover, APC and Bell Atlantic each terminates roughly the same number of calls originating on the other's network. Currently, however, APC pays Bell Atlantic revenue on every call -- interstate and intrastate, local and toll, mobile-originating and mobile-terminating -- and receives revenue from Bell Atlantic on none. Accordingly, APC welcomes the Commission's proposal to mandate a bill and keep approach to LEC/CMRS interconnection.

At the same time, however, the Commission's proposal does not go far enough; it would continue to require CMRS providers to pay for LEC transport, even though they would enjoy no compensation for performing similar functions within their own networks. Accordingly, the Commission should extend bill and keep to all facilities up to and including the tandem switch (in the LEC network) and the GMSC (in the CMRS network), for both interstate and intrastate traffic. The costs of deploying and operating entrance facilities should be shared, in recognition of the fact that such facilities carry two-way traffic and benefit both carriers. This approach is economically efficient, equitable, and suitable for use as both an interim and a long-term solution. Finally, the Commission should permit CMRS providers and IXCs to negotiate access compensation for direct